

**UNWTO Commission for East Asia and the Pacific**  
**UNWTO Commission for South Asia**  
*Thirtieth Joint Meeting*  
Nadi, Fiji  
19 June 2018

**Item 4 of the provisional agenda**  
**REPORT OF THE SECRETARY-GENERAL**

**Note by the Secretary-General**

In this document, the Secretary-General presents to the Joint Meeting of the two Commissions for Asia and the Pacific his review of major tourism trends for 2017-2018, UNWTO's management vision and priorities, the implementation of the general programme of work as well as the administrative and financial matters of the Organization.

**World Tourism Organization (UNWTO) - A Specialized Agency of the United Nations**

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# Report of the Secretary-General

## INTRODUCTION

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The present report to the 30<sup>th</sup> Joint Meeting of the UNWTO Commission for East Asia and the Pacific (CAP) and the UNWTO Commission for South Asia (CSA) addresses the following subjects:

- A. International Tourism in 2017 and Prospects for 2018
- B. Management Vision and Priorities
- C. Implementation of the Programme of Work
- D. Administrative and Financial Matters

### A. International Tourism In 2017 and Prospects For 2018

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International tourist arrivals grew by 7% in 2017 to reach a total of 1,322 million, according to the January UNWTO World Tourism Barometer. This is well above the sustained and consistent trend of 4% or higher growth since 2010 and represents the strongest results in seven years.

2017 was characterized by sustained growth in many destinations and a firm recovery in those that suffered decreases in previous years. Results were partly shaped by the global economic upswing and the robust outbound demand from many traditional and emerging source markets, particularly a rebound in tourism spending from Brazil and the Russian Federation after a few years of declines.

Led by Mediterranean destinations, Europe recorded extraordinary results for such a large and rather mature region, with 8% more international arrivals than in 2016. Africa consolidated its 2016 rebound with an 8% increase. Asia and the Pacific recorded 6% growth, the Middle East 5% and the Americas 3%.

International tourist arrivals in Europe reached 671 million in 2017, a remarkable 8% increase following a comparatively weaker 2016. Growth was driven by the extraordinary results in Southern and Mediterranean Europe (+13%). Western Europe (+7%), Northern Europe and Central and Eastern Europe (both +5%) also recorded robust growth.

**Asia and the Pacific** (+6%) recorded 324 million international tourist arrivals in 2017. Arrivals in South Asia grew 10%, in South-East Asia 8% and in Oceania 7%. Arrivals to North-East Asia increased by 3%.

The Americas (+3%) welcomed 207 million international tourist arrivals in 2017, with most destinations enjoying positive results. South America (+7%) led growth, followed by Central America and the Caribbean (both +4%), with the latter showing clear signs of recovery in the aftermath of hurricanes Irma and Maria. In North America (+2%), robust results in Mexico and Canada contrasted with a decrease in the United States, the region's largest destination.

Based on available data for Africa, growth in 2017 is estimated at 8%. The region consolidated its 2016 rebound and reached a record 62 million international arrivals. North Africa enjoyed a strong recovery with arrivals growing by 13%, while in Sub-Saharan Africa arrivals increased by 5%.

The Middle East (+5%) received 58 million international tourist arrivals in 2017 with sustained growth in some destinations and a strong recovery in others.

Preliminary data on international tourism receipts for the first six to nine months of 2017 shows positive trends in most major source markets.

# PROSPECTS FOR 2018

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The current strong momentum is expected to continue in 2018, though at a more sustainable pace after eight years of steady expansion following the 2009 economic and financial crisis.

Based on current trends, economic prospects and the outlook by the UNWTO Panel of Experts, UNWTO projects international tourist arrivals worldwide to grow at a rate of 4%-5% in 2018. This is somewhat above the 3.8% average increase projected for the period 2010-2020 by UNWTO in its Tourism Towards 2030 long-term forecast.

Europe and the Americas are both expected to grow by 3.5%-4.5%, Asia and the Pacific by 5%-6%, Africa by 5%-7% and the Middle East by 4%-6%.

## B. Management vision and priorities

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### **Towards 2030: Making tourism smarter, more competitive and more responsible**

#### I. Introduction

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1. The sustained growth of tourism over the last decades bring immense opportunities for socio-economic welfare, poverty alleviation and the overall advancement of the 17 Goals of the 2030 Sustainable Development Agenda.

2. Tourism explicitly features as a target in three of the Sustainable Development Goals (SDGs): Goals 8, 12 and 14 on inclusive and sustainable economic growth, jobs, sustainable consumption and production (SCP), and the sustainable use of oceans and marine resources, respectively. Yet, given the sheer size, crosscutting nature and links with other sectors along its vast value chain, tourism has the potential to contribute—directly and indirectly—to all 17 SDGs.

3. This framework is reflected in the results of the UNWTO Members Survey for the 2018-2019 Programme of Work which fully converge with the scope of the 2030 Agenda in placing tourism at the forefront of development.

4. As we move towards a future guided by the universal 17 SDGs, a strong focus will be placed on building partnerships with the public and private sector, fostering jobs and opportunities for all, advancing technology and innovation and addressing sustainability and the fight against climate change.

#### II. Management vision

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##### **Tourism - a key sector for the 2030 Agenda**

5. In 2017, international tourist arrivals grew by 7% reaching 1,322 million. 2017 was the eighth consecutive year of sustained growth following the 2009 global economic and financial crisis. No comparable sequence of uninterrupted solid growth has been recorded since the 1960s.

6. Tourism is an important driver of economic growth and development, with significant impact on job creation, investment, development of infrastructure, and the promotion of social inclusion. As one of the world's key sectors of trade in services and the third bigger export-earning category, after fuels and chemicals in 2016, the sector is a vital pillar for national export strategies and economic diversification.

7. The value, growth and resilience of tourism to external shocks over the past decades testify to the capacity of the sector to play a decisive role in the achievement of the 2030 Agenda and the SDGs.

8. As an organization that represents such an important global socioeconomic sector, we need to work closer together to ensure that tourism contributes to a better future for all, leaving no one behind.

9. With the above in mind, the below will guide the objectives of our management vision:

### **Position tourism as a policy priority**

10. Ensuring that the tourism sector is a major force for sustainable development requires a holistic and integrated policy framework and an effective and accountable system of governance that enable and encourage multi-stakeholder collaboration in tourism planning, development and management. This entails strengthening policies and governance structures to ensure a resilient and well-defined framework and implementation of sustainable tourism development strategies.

11. The shift from commitment to actions and results can only be achieved if tourism moves from the periphery to the core of decision-making in both the public and private domains allowing for a truly national, cross-cutting approach to the sector.

12. In that sense, we propose:

- (a) To advocate for the inclusion of tourism as a priority in national, regional and international agendas;
- (b) To promote cross-cutting government coordination for tourism development; and
- (c) To build better policies and institutions.

### **Lead in knowledge creation and policy**

13. UNWTO's main role is to guide the development of appropriate tourism policies that make it possible to maximize the socioeconomic value of the sector and minimize its possible negative effects. Doing so requires robust and comprehensive knowledge about tourism flows and trends, and the impact of the sector on the economy, the society and the environment.

14. To that end, we propose:

- (a) To develop international standards, policy recommendations and guidelines;
- (b) To carry out market research on programmatic priority areas;
- (c) To advance national capacity to compile tourism data and its comparability; and
- (d) To exchange good practices on tourism policies.

### **Build better value for Members and expand membership**

15. Addressing the needs of the Members and expanding membership are key features of our management vision. This entails strengthening the dialogue with our Members as well as prospective Members while reinforcing the capacity of the Organization to deliver.

16. Inclusive growth is a policy imperative in not only in developing countries, but also in the world's richest nations. We need to create a new and strategic approach to lead in knowledge creation and capacity building, supported by efficient resource mobilization. New important work streams and areas of work should focus on innovation, the digital economy, smart destinations, investment and SMEs uptake. A change of mindset is required to mainstream our work, increase

our competence and to fully benefit from the new tourism business models. Our action will thus be focused on:

- (a) Responding to Members' needs and offering fit-for-purpose services;
- (b) Strengthening technical expertise to deliver more and better services to the Members and support the mainstreaming of tourism in their national agendas;
- (c) Encouraging the sharing of good practices in tourism policies; and
- (d) Attracting new Member States.

### **Increase resources and strengthen UNWTO's capacity through partnerships**

17. We need to explore new and innovative ways to increase our regular budget and extra budgetary resources. To accomplish this objective, it is necessary to better equip the Organization and Members with tools and knowledge on fundraising.

18. The growing recognition of tourism's important contribution to sustainable development—including its mention in the SDGs—offers new opportunities for increased Official Development Assistance (ODA) to the sector. The OECD Development Assistance Committee (DAC) recently included UNWTO in the DAC list, recognizing its development function. Member States can now report their voluntary contributions and fees to UNWTO as ODA. However, tourism only accounted for a mere 0.14% of total ODA between 2011 and 2015.

19. In order to make real strides in the delivery of development cooperation, it is also essential that tourism policymakers, together with the Secretariat, fully engage with the development mechanisms at the country level, such as the participation in the United Nations Development Assistance Framework (UNDAF) System at the country level, as well as at the global level.

20. To this end, we propose:

- (a) To increase resource mobilization efforts and international public finance for tourism, including through ODA, Aid for Trade (AFT) and Foreign Direct Investment (FDI).
- (b) To build strategic partnerships to leverage more resources—both financial and non-financial (skills and competences).
- (c) To ensure the financial sustainability of the Organization in terms of the regular budget through close collaboration with the Member States, increased voluntary contributions and rigorous budget control.
- (d) To expand partnerships with the private sector and academia to enhance the technical and financial capacity of the Organization to deliver.

## **III. Programmatic priorities**

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21. In line with the Programme of Work for 2018-2019 approved by the UNWTO General Assembly at its 22nd session and the vision expressed above, the management proposes to focus on the following priorities in the period 2018-2019.

### **Priority 1**

#### **22. Make tourism smarter: innovation and the digital transformation**

- (a) Connect and scale up the innovation and entrepreneurship ecosystems of UNWTO Member States by bringing together the key stakeholders, including governments,

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academia, corporations, SMEs and start-ups, investors (business and super business angels, venture capital, etc.) and business development partners (accelerators, incubators, etc.) in order to boost innovation and entrepreneurship.

- (b) Create a UNWTO Innovation Hub where the most disruptive tourism start-ups worldwide will have the opportunity to be inspired by Tourism Innovation Leaders, meet corporations and investors and learn from highly technical workshops on how to scale and go global. UNWTO Member States will also have the opportunity to launch national Tourism innovation challenges at the Hub.
- (c) Create a Tourism Innovation Leaders community.
- (d) Organize innovation forums dedicated to tourism aimed at bringing together all the actors of the ecosystem to boost innovation, entrepreneurship and investment in tourism.
- (e) Foster innovation in product development and marketing.
- (f) Advance smart destinations through the development of guidelines, models and sharing of good practices.
- (g) Produce strategic content and facilitate capacity building on innovation and digitalization in tourism, which will enable UNWTO Member States to take smarter decisions concerning the use of technologies for tourism development and will provide them with an understanding of the current social trends and customer needs.

## **Priority 2**

### **23. Grow our competitive edge: investments and entrepreneurship**

- (a) Improve the business environment in UNWTO Member States by stimulating entrepreneurship and SMEs in tourism and other sectors along the tourism value chain, including the production of knowledge on access to finance and investment in tourism.
- (b) Establish an Annual Global Tourism Investment Forum.
- (d) Support Member States in attracting investments through, among others, the promotion of specific tourism lines within existing funding institutions.

## **Priority 3**

### **24. Create more and better jobs: education and employment**

- (a) Create a UNWTO Academy and international centres to improve skills, education and specialized training programmes.
- (b) Strengthen Members' capacity in tourism education.
- (c) Support Members in the development of frameworks and policies that enable job creation.
- (d) Advance research on the impact of tourism on jobs and the future of work in the sector.
- (e) Promote talent development and the image of employment in tourism.

## Priority 4

### 25. **Build resilience and facilitate travel: safe, secure and seamless travel**

- (a) Enhance Members' resilience through crisis preparedness and communication.
- (b) Strengthen cooperation with international transport organizations to carry out research and support Members to increase connectivity.
- (c) Advance research and advocacy on travel facilitation and promote Members' progress in this area.

## Priority 5

### 26. **Protect our heritage: social, cultural and environmental sustainability**

- (a) Advance the measurement of tourism economic, social and environmental impacts through the Measuring Sustainable Tourism Initiative (MST) and UNWTO's International Network of Sustainable Tourism Observatories (INSTO).
- (b) Advance sustainable consumption and production in the tourism sector, notably through the One Planet Tourism network.
- (c) Support Members in tourism congestion management in urban destinations and cultural and environmental sites.
- (d) Evaluate the impact of tourism on climate change and set recommendations on how to adapt and mitigate.
- (e) Support the implementation of the Global Code of Ethics, emphasizing the social dimensions of tourism—accessibility, inclusive tourism, gender equality, and child protection—and advance the UNWTO Convention on Tourism Ethics.

## IV. Organizational structure

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### Management and structure

27. The Secretary-General has decided to make some adjustments to the current structure in order to effectively support the priorities as presented above and optimize the efficiency of the Organization (see organizational chart in Annex I).

28. In accordance with the structure foreseen in the legal framework of the Organization, the Secretary-General has also decided to appoint Mr. Jaime Alberto Cabal Sanclemente (Colombia), as Deputy Secretary-General from 1 June 2018 to 31 December 2021, to support him in guiding the Organization in this new era (see biographical note in Annex II, part A). In accordance with Staff Regulation 15 (b), the Secretary-General kindly requests the approval of the Executive Council.

29. Further, in order to ensure continuity in the Management of the Organization, the Secretary-General wishes to inform the members of the Executive Council of the appointment of Mr. Zhu Shanzhong (China) on 1 January 2018 as Executive Director for a period of two years (see biographical note in Annex II, part B).

30. The Secretary-General has also decided to invite to his cabinet Mr. Manuel Butler (Spain) as Executive Director for a period of two years starting 1 June 2018 (see Annex II, part C).



## Strengthening internal governance

31. In order to fulfil his oversight responsibilities in respect of the resources and staff of the Organization in accordance with UNWTO Internal Oversight Charter (as endorsed by the Executive Council through decision 5(LXXXVIII)) and with the aim of ensuring the responsible and efficient administration of resources, as well as a culture of accountability and transparency, the Secretary-General has conducted a review of the internal control systems in relation to strategic activities of the Organization.

32. Pursuant to a competitive procurement process among international firms with previous experience in providing similar consultancy services with the United Nations, the selected company, KPMG, has submitted a comprehensive report to the Secretary-General with recommendations on concrete actions to be taken in order to establish an appropriate Governance, Risk and Compliance model in a cost-efficient and timely manner (see executive summary in Annex III).

33. The Secretary-General will further analyse these recommendations, taking into account the financial constraints of the Organization and previous relevant decisions taken by the Governing Bodies and will report to the next session of the Executive Council on any actions taken and a roadmap for implementation.

34. The soundness of internal control mechanisms is not only an essential pillar to the rigorous budget control and ethical culture of all UN Organizations but is also essential to attract new Donors that are increasingly demanding assurances on the governance, risk management and control processes and reporting of the Organizations to which they seek to entrust funds<sup>1</sup>.

## V. The way forward: UNWTO Strategic Plan Towards 2030

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35. As the world set a new universal agenda for sustainable development, UNWTO and its Members have the opportunity to shape the tourism agenda for the next 10 years.

36. In a collaborative effort between the Secretariat and its Members, the new UNWTO Strategic Plan Towards 2030 should fully integrate the specificities of our sector, a rapidly changing business model, new world emerging challenges and the United Nations Reform. It should carefully set an agenda to mitigate global challenges and provide a roadmap for the Secretariat and all stakeholders on how working together we can make tourism smarter, more competitive and more responsible, by placing people, the planet and prosperity at its core.

37. The Management proposes to initiate the process leading to the presentation of the UNWTO Strategic Plan towards 2030 at the 23rd session of the UNWTO General Assembly in 2019.

## C. Implementation of the Programme of Work 2017

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38. [This report](#) which presents a summary of the activities carried out by the Organization from July 2017 to March 2018 to be presented to the 108th session of the Executive Council (CE/108/5(c)) is the document for agenda item 5 of 30<sup>th</sup> CAP/CSA Joint Meeting.

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<sup>1</sup> For more information, please refer to the following United Nations Joint Inspection Unit reports on "Review of donor reporting requirements across the United Nations system" (JIU/REP/2017/7), "State of the internal audit function in the United Nations system (JIU/REP/2016/8) and "Oversight lacunae in the United Nations system" (JIU/REP/2006/2), available at: <https://www.unjiu.org/content/reports>.



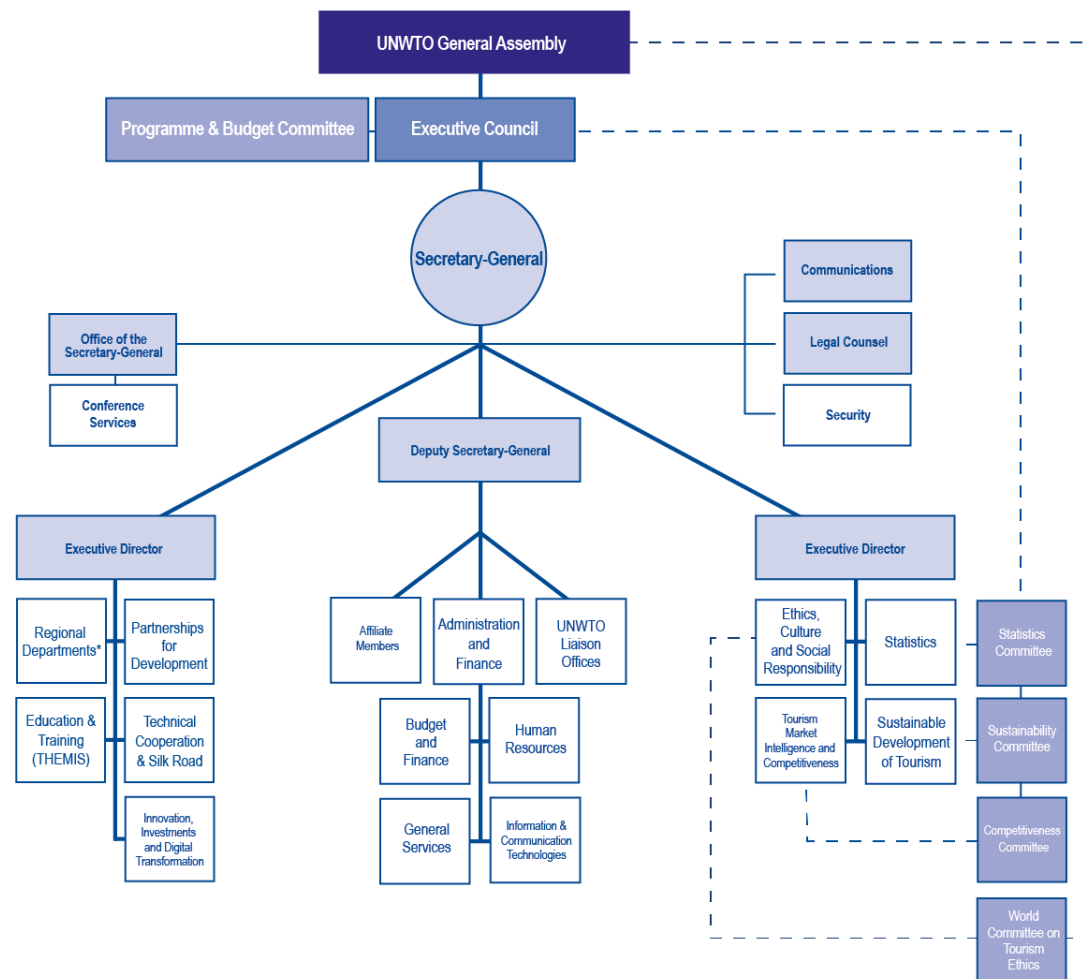
## D. Administrative and Financial Matters

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39. With regard to [administrative and financial matters](#), detailed reports will be prepared for the 108 Executive Council, including [a plan of income and expenditure for 2018 and the External Auditors report on the accounts for 2017](#).

40. The plan of income and expenditure for 2018 to be financed from the regular budget shows lower amounts than for 2017 taking into consideration actual level of contributions collected in 2017 and the corresponding treasury deficit incurred by year end. In accordance with the Financial Regulations, this treasury deficit is temporarily covered by the Working Capital Fund.

## Annex I: UNWTO organizational chart



\*Regional Department for Africa, Regional Department for Americas, Regional Department for Asia-Pacific, Regional Department for Europe and Regional Department for Middle East.

## **Annex II: Biographical notes of Mr. Jaime Alberto Cabal Sanclemente, Mr. Zhu Shanzhong and Mr. Manuel Butler**

### **A. Biographical note of Mr. Jaime Alberto Cabal Sanclemente**

Mr. Cabal (Colombia) has served as Minister of Economic Development (1999-2000) and as his country's Ambassador to Austria (2014-2018) and the Republic of Korea (2011-2014).

He has held different positions in the private sector, including key responsibilities in the tourism sector, including the presidency of the Colombian Hotel and Tourism Association – COTELCO (2002-2011) and President of the Colombian Business Associations Council (1998-1999).

He has served as an international consultant and lecturer, and as a member of several boards of Colombian organizations and companies.

Mr. Cabal holds a degree in Industrial Engineering (Javeriana University), postgraduate degrees in Senior Management (Los Andes University and Inalme Business School), all in his native Colombia. He holds an M.A. in Economics from the American University in Washington D.C., and studied English Language and Economics at Georgetown University. He has also undertaken specialized management studies at the University of South Carolina (USA), IE Business School and Complutense University in Madrid.

In addition to his native Spanish, he is fluent in English as a business language.

### **B. Biographical note of Mr. Zhu Shanzhong**

Mr. Zhu Shanzhong is currently serving as Executive Director at the World Tourism Organization (UNWTO) headquarters in Madrid, Spain.

From late 2008 to 2013, he was Vice-Chairman of China National Tourism Administration (CNTA), overseeing international relations, marketing and promotions in domestic and overseas markets, tourism information centre, tourism security and the establishment of a public service network. During his vice-chairmanship, he also oversaw the composition and editing of key tourism documents such as the Mid & Long Term Planning of Inbound Tourism in China and the 12th Five-Year Plan of Tourism Information Construction. He was also behind the launch of The Outline of National Tourism and Leisure.

From 1989 to 2008, he served CNTA in different capacities, namely as Director of CNTA Sydney Office, Director of CNTA New York Office, Deputy Director General of International Marketing Department and Director General of the Marketing and Communication Department of CNTA.

From 1985 to 1989, he was Department Manager of China International Travel Service (CITS), the biggest travel company in China.

He received his Master's Degree in Tourism Economic Management from the Graduate School of New York New School in 1988. Prior to that, he received his Bachelor's Degree of Arts in English Language and Literature from Nanjing University in China.

Mr. Zhu is a Chinese national.

### **C. Biographical note of Mr. Manuel Butler Halter**

Mr. Butler (Spain) has been involved at the highest level of Spanish tourism promotion for more than 25 years. He served as Director General at the Spanish Tourism Institute (Turespaña) from 2016 to 2018 and from 2012 to 2013.

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He has held positions as Counsellor at the Spanish Embassies in Germany (2014-2016 and 2007-2011) and in London (1999-2004), and was the Director of the Spanish Tourism Office in Miami, USA, from 1995 to 1999, and in Frankfurt, Germany, from 1991 to 1994, among other responsibilities at the Turespaña central offices in Madrid.

In addition, he has served as an external consultant to UNWTO and on the boards of directors of Instituto Tecnológico Hotelero (ITH), AENA Airports and Aldeasa (currently World Duty Free), all based in Madrid.

Mr. Butler has a B.A. and a PhD. in Naval Architecture from the Polytechnic University of Madrid. He has as postgraduate degrees in Senior Management (IESE Business School, University of Navarra) and Corporate Finance (London Business School).

A native Spanish speaker, he is fluent in English, French, and German.



**Annex III: Executive summary of the internal governance report by KPMG**



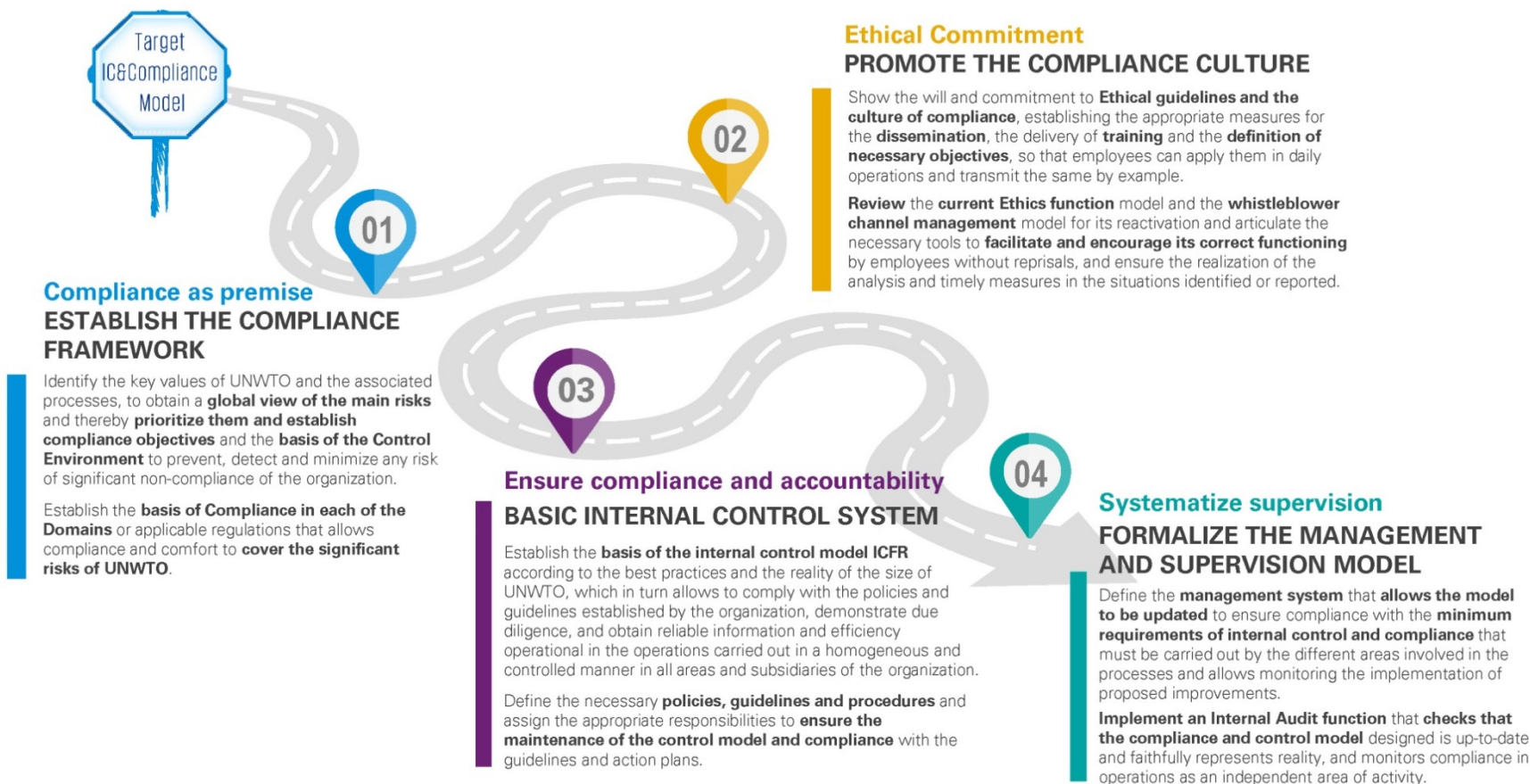
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# 1. Roadmap

According to the Internal Control and Compliance Gap Assessment performed by the GRC KPMG Team, the Roadmap proposed to transform and develop the current UNWTO Governance, Risk & Compliance (GRC) model to allow to achieve the GRC framework target, considers that the UNWTO should perform the actions of the following summary milestones:





## 2. Master plan

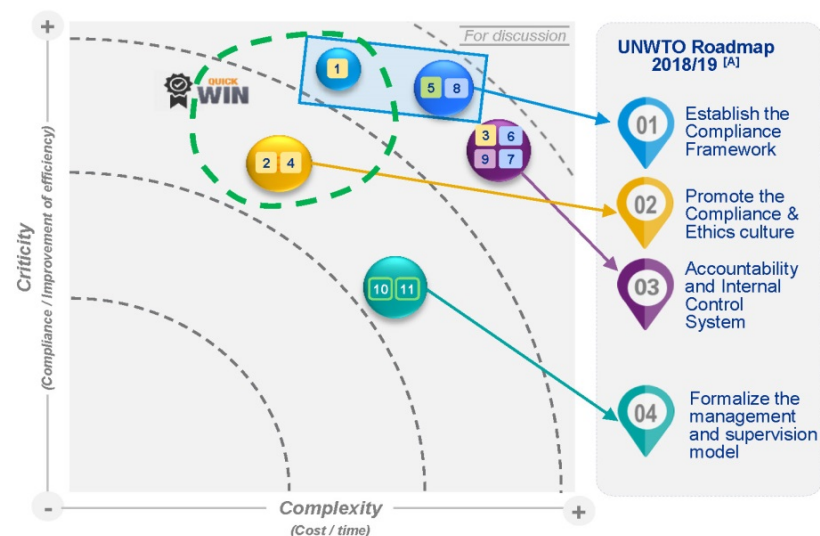
According to the Internal Control and Compliance Gap Assessment performed by the GRC KPMG Team, the actions proposed to be taken by UNWTO to allow to achieve the target GRC framework, are the following:

### Actions to be taken by UNWTO



### Master plan GRC | Quick Wins

A preliminary study of criticality and complexity on the main action plans or initiatives proposed in the UNC GRC Master Plan for the evolution of its GRC model, allows to identify Quick Wins and foci of effort.



[A] Note: a Project Management Office PMO can give the methodological support and train the different functions during the initial documentation and management of the internal control and compliance model in order to comply with the deadline defined.



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